

A New Age of World Factory: Foxconn production and the struggle of Foxconn Workers in China

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Suicide wave

“Perhaps for the Foxconn workers and workers like us,
We who are called *nongmingong*, rural migrant workers, in China –
The use of death is simply to testify that we were ever alive at all,
and that while we lived, we had only despair.”

*A worker written in a blog
(after the “12th jump” in Foxconn)*



Young workers in China

- 18 young workers attempted suicide, 14 died, at the Foxconn production facilities in China in 2010. All were between 17 and 25 years of age – in the prime of youth.
- When *Time* magazine nominated workers in China as the runners-up to 2009 Person of the Year, the editor commented that Chinese workers have brightened the future of humanity by “leading the world to economic recovery.”
- The new generation of Chinese migrant workers, however, seem to perceive themselves as losing their futures.

Research on Foxconn

- The research was conducted by 20 major universities, from Hong Kong, Taiwan, and mainland China including Peking U. and Tsinghua U.
- The field work (June-Sept 2010) was carried out in 9 Chinese cities where 12 Foxconn plants are located.
- The book, *Foxconn: Multiple Jumps behind the Glory* (2011, Pun Ngai, Lu Huilin, Guo Yuhua, and Shen Yuan, eds., in Chinese).



Research Problematic

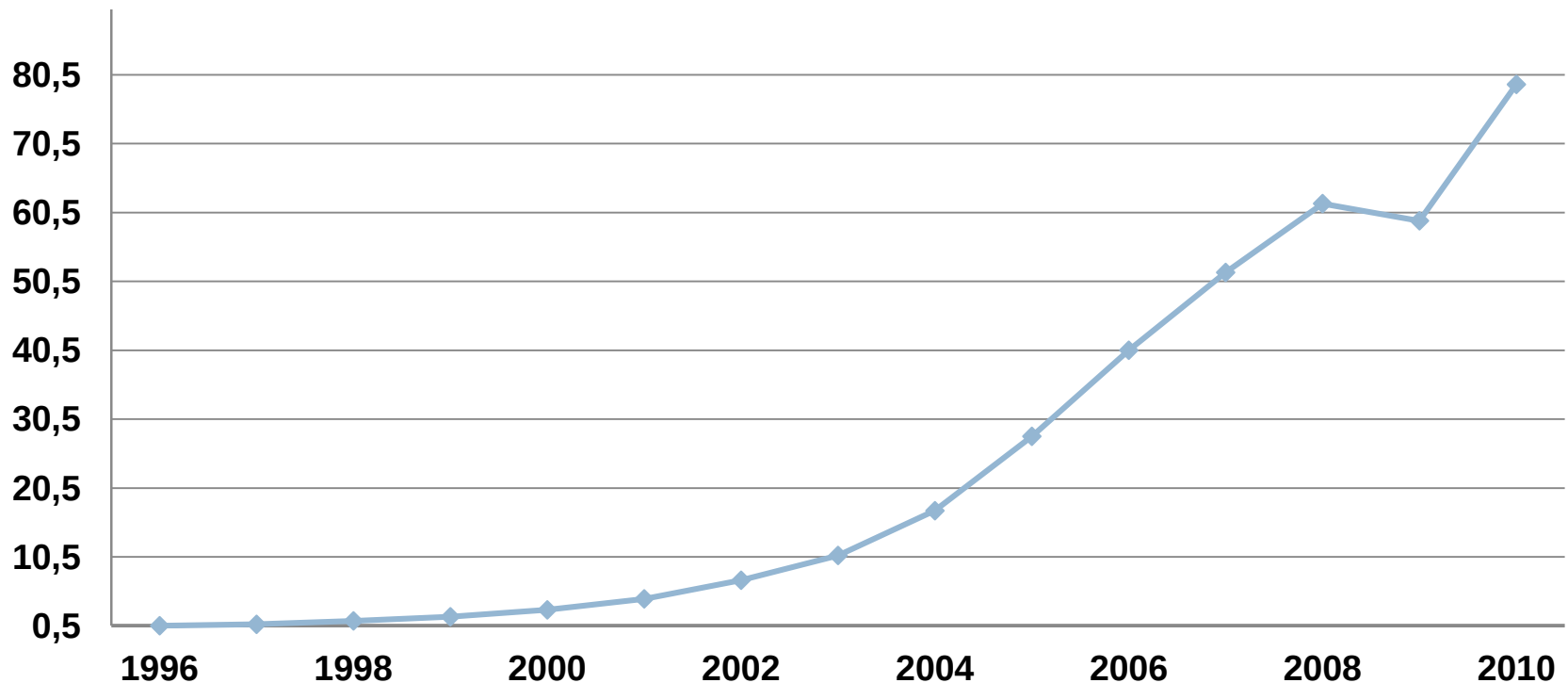
- Foxconn as a case to reveal the rapid capital expansion in China and its impacts on Chinese workers' lives.
- As a legend, Foxconn is important and typical of its speed and its scale in the process of capital accumulation.
- The concentration of global capital, the nature of the transformative Chinese state, and the export-led growth regime has resulted in capital expansion but precarious labor conditions.

- ❑ Founded in Taipei in 1974, Foxconn is currently the world's largest electronics manufacturer.
- ❑ *Fortune Global 500*: Rank #60 (2011) [previous rank #112].
- ❑ Foxconn supplies iPhones, iPads, music players and other products for Apple, HP, Dell, Nokia, Sony, Samsung, etc.
- ❑ In 2008, Foxconn's revenue reached US\$61.8 billion, of which exports amounted to US\$55.6 billion, or about 3.9% of all exports from China.
- ❑ Only a slight decrease during the global financial crisis (see **Fig. 1**).

Fig. 1: Foxconn's Annual Revenue, 1996 – 2010

By late-2011, Foxconn is projected to capture more than 50% of the world market share in electronics manufacturing.

Billion (US\$)



Source: Foxconn Technology Group, annual reports
(including Foxconn Taipei, China, Czech Republic, Brazil, India, Mexico, Russia, and others.)

Three stages of Foxconn evolution into an industrial oligarch

- 1st stage: Taiwanese-owned Foxconn invested in mainland China when the government adopted the open-door policy and coastal development strategy.
- In 1988, driven by the state's favorable investment policy, Foxconn set up its first production facility in Shenzhen, southern China.



- 2nd stage: Benefitted by the cheap and massive supply of labor in China, Foxconn expanded during the 1990s.
- The company diversified product lines, upgraded the industrial technology, and established a modern plant in eastern China.
- Foxconn concentrated in two regions: Pearl River Delta and Yantgze River Delta, where local governments compete with each other to offer discounted corporate tax, land mass, and infrastructural support.

- 3rd stage:
Foxconn moved further to the northern, central, and western China since the early-mid 2000s.
- The inland cities “fight to grab” Foxconn (a cover-story by *China Newsweek*, July 2010).



Source: Foxconn Production Facilities in the Greater China, 2011 (Foxconn Technology Group).

- Foxconn's global labour force is second only to Wal-Mart (the world's largest retailer with 2.1 million associates worldwide, Wal-Mart 2011).
- Most Foxconn workers are employed in China, reaching 1.3 million as of mid-2011 and still growing (compared to the entire automobile sector in China which had downsized to 1.65 million as of 2006).
- “In 20 years,” business executives suggested, “there will be only two companies – everything will be made by Foxconn and sold by Wal-Mart” (*Bloomberg Businessweek* 9 Dec 2010).

The political origin of capital expansion

- When transnational capital relocates to China, it simultaneously makes a new Chinese working class.
- China provides the fertile ground for transnational capital to sink its root: this process of capital expansion is mostly state-driven and led by a segmented political regime.
- The Chinese state is divided and contradictory in nature: it creates a developmental model by heavily intervening into the economic policies but it retreats from the labor reproduction and social / civic spheres, despite the recent labour legal reforms.

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- China's household registration policy – in place for now more than half a century – enables the local states to shirk their responsibility to provide basic social services to rural migrant workers (“non local residents).
 - Many migrant labourers either live in factory dormitories or substandard “migrant villages” within the city.
 - The dormitory labor regime stands as a remedial mechanism by temporarily keeping the laborers while circulating them from one workplace to another.
 - This confined socio-political space is cut off from the support of family networks and broader social communities.

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- Mainstream (western) analysts: the Chinese state looks very strong by reshaping its role in the global economy; injecting trillion US\$ in the multi-year fiscal stimulus package and recovers quickly from the financial crisis.
 - A paradox of China's rise: the state severely limits the citizenship rights and unionization capacities of the new workers, hence repressing the wages to a very low level for decades to facilitate cheap exports – and generating labor protests and suicide as a radical form of resistance from the bottom up.

Migrant labor

- The specific form of proletarianization in China is based on the “freedom” of the young rural people to look for urban jobs but not to settle in permanently (except for a few).
- 145 million of rural migrant workers on the move.
- 16-30 years of age (61.6%).
- Better-educated-youths: one-third (of those 21-25 years of age) hold diplomas or degrees



Student workers

- In the name of school-enterprise cooperation, the “student interns” are turned into “flexible workers” in Foxconn and other workplaces.
- 15-18 years of age (after completing nine years schooling): Total enrollment in secondary-level vocational schools in China is 20 million.



Source: School students arrived at a Foxconn factory (Mar 2011).

- Student labor is of abundant, stable supply: the local governments channel them to the needy enterprises via the vocational school networks in closing the business deal.
- "The education bureau will hold up the funds reserved for the school if the number [of student interns] falls short of the required quota. The school needs to make sure that the quota is met. Despite the irrelevance of the internship to the students' majors, the school has to turn in the exact number of students." - *Southern Weekly* (12 May 2011)

- Student interns are cheap workers: the interns are not legally recognized as “employees” (they remain as “students” during the workplace internship); they are excluded from the national labour law.
- Student workers are flexible: they are *not* provided with employment contracts; they can be “returned” to the schools for “misbehavior.”
- **Recommendation:** A video clip of Foxconn migrant and student workers in Chengdu, Sichuan Province (June 2011, produced by SACOM, Students & Scholars Against Corporate Misbehavior)

□ The Truth of the Apple iPad
Behind Foxconn's Lies (6 mins 30
secs)



Foxconn's militaristic culture

- **Foxconn CEO Terry Gou** says: A leader must have the decisive courage to be “a dictator for the common good.”
- Absolute obedience is the organizational ethos – “Outside the laboratory, there is no high-technology, only execution of discipline.”
- Foxconn workers were forced to sign a document “pledging not to commit suicide” in May 2010.



A Foxconn worker rally in Shenzhen, 18 August 2010

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- ❑ Management organizes labor process through a centralized, hierarchical system to maximize productivity- a mission impossible.
 - ❑ The Foxconn trade union is dominated by managerial personnel, not elected democratically.
 - ❑ Despite management promise of reducing overtime, under public pressure, Foxconn workers continued to work up to 12 hours a shift, 6 - 7 days a week, with meal-time cut short occasionally to meet tight shipments.

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- ❑ Global brands pressure suppliers like Foxconn to compete against each other on price, quality, and delivery.
 - ❑ To secure contracts, Foxconn minimizes its costs to remain competitive, and transfers the pressure of increasingly low profit margins to the frontline workers.
 - ❑ Young migrant workers in the late teens to 20s show great anxieties and see few alternatives in their lives.

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- However, suicide is the only response.
 - Spontaneous collective actions and strikes often staged at Foxconn workplaces, esp in Shenzhen, Fushan and Chengdu.
 - Workers fight for increase of wage, overtime compensations as well as provision of hot water in the winter time.
 - Workers also protested in front of the canteen in order to improve the quality of food provision.

Conclusion

- China's ascendancy as a global economic power goes with a strong and protectionist state.
- A “state-in” economic globalization with a proclivity towards pro-foreign investment and export-led industrialization is simultaneously accompanied by a “state-out” process of social and labour protections.
- The political origin of rapid capital accumulation and expansion across geographic China is explained by the contested nature of the state in capitalist transformation.

- In our case study: Foxconn's strategy of low-cost, suppressed-labour-rights competitiveness is neither economically sustainable nor morally supportable.
- Suicide is the most desperate form of protest. Without stronger protection of workers' rights to strive for decent work, it seems almost certain we will witness a growing roll-call of deaths.
- In their deaths they demand the society to reflect upon the costs of a "development" model that sacrifices dignity and human lives.

Thank you!



- This all relies on the power of the workers!
- All workers over the world have to be united!